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FILED
DEC 26 2019
By Tam Powers, Clerk
Deputy Clerk

**MONTANA SECOND JUDICIAL DISTRICT COURT
BUTTE/SILVERBOW COUNTY**

<p>FX Solutions, Inc.</p> <p style="text-align: right;">Plaintiff,</p> <p>v.</p> <p>Matthew Brent Goettsche,</p> <p style="text-align: right;">Defendant.</p>	<p>KURT KRUEGER Dept. Judge, Dept. 1 Cause No. DV-19-452</p> <p style="text-align: center;">COMPLAINT</p> <p style="text-align: center;">SUMMONS ISSUED</p>
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Parties and Venue

1. FX Solutions, Inc. is a corporate entity registered to do business in Montana. The primary business of FX Solutions, Inc. is industrial construction and industrial service.
2. Plaintiff, Richard B. Tabish is the President, CEO and sole shareholder of FX Solutions, Inc.
3. Defendant Matthew B. Goettsche (hereinafter, Goettsche) is a resident of Colorado and majority owner of CryptoWatt Mining, LLC.
4. CryptoWatt Mining, LLC is a limited liability company organized under the

State of Delaware Limited Liability Company Act, registered to do business in the State of Montana.

5. CryptoWatt Mining, LLC (hereinafter “Cryptowatt”) owns and operates a “Bitcoin” mining facility at 200 Technology Way, Butte, Montana 59701.
6. Since January 31, 2018, FX Solutions, Inc. has contracted with CryptoWatt to operate its Bitcoin mining facility at 200 Technology Way, Butte, Montana 59701.

Facts Common to All Claims

7. In August 2018, Goettsche became the majority and controlling owner of Cryptowatt. Thereafter, FX Solutions, Inc. and Richard B. Tabish took direction from and dealt exclusively with Goettsche concerning all financial and operational aspects of CryptoWatt’s Bitcoin mining facility at 200 Technology Way, Butte, Montana 59701.
8. On December 5, 2019, Goettsche was indicted by a federal grand jury in the United States District Court, District of New Jersey, Criminal Number 19-877(CCC).¹
9. The Indictment charges Goettsche with Conspiracy to Commit Wire Fraud and Conspiracy to Sell Unregistered Securities in connection with a ponzi scheme utilizing the BitClub Network to defraud investors in Bitcoin related investments of at least \$722 million between April 2014 and December 2019.
10. Goettsche is presently incarcerated by federal authorities pending trial

¹ Copy of Indictment attached as Exhibit 1 and incorporated herein by reference

on the Indictment attached to this Complaint.

First Claim for Relief: Breach of Contract-Pablo Project

11. The allegations of all prior paragraphs are realleged and incorporated in this First Claim for Relief as if fully set forth herein.
12. In approximately August 2018, Goettsche entered an oral contract to hire FX Solutions, Inc. to build a Bitcoin mining facility at Pablo, Montana.
13. The contract called for Goettsche to pay the \$1.5 million balance owing on the land upon which the Bitcoin mining facility would be built and then fund the remaining complete buildout of the facility for a cost of \$5,065,195.50, including a \$4,010,195.45 payment for services to FX Solutions, Inc.
14. Goettsche paid the \$1.5 million balance owing on the land and obtained deeded title to the real estate.
15. With Goettsche having begun performance of the contract by purchasing the real estate, FX Solutions, Inc. embarked on its performance of the contract. FX Solutions, Inc. engaged CTA engineering to develop a site plan and building design. FX Solutions, Inc. hired Treasure State Construction to excavate and remove a concrete storage pad and set grade to pour a concrete floor. FX Solutions commissioned a study by Mission Valley Power to determine the total Megawatt draw of the Bitcoin mining facility FX Solutions, Inc. had contracted with Goettsche to build. FX Solutions, Inc.

incurred substantial costs by paying for the services of CTA engineering, Treasure State Construction and Mission Valley Power.

16. In late 2018, without explanation, Goettsche breached his contract with FX Solutions, Inc. to build a Bitcoin mining facility at Pablo, Montana and refused to pay FX Solutions, Inc. to move forward with construction.
17. Goettsche's breach of his contract with FX Solutions, Inc. caused FX Solutions, Inc. to suffer monetary damages in lost profits in an amount to be determined at trial as well as loss of good will and good reputation.

Second Claim for Relief: Breach of Contract-Broadview

18. The allegations of all prior paragraphs are realleged and incorporated in this Second Claim for Relief as if fully set forth herein.
19. In approximately August 2018, Goettsche entered an oral contract to hire FX Solutions, Inc. to build a Bitcoin mining facility at Broadview, Montana.
20. The contract called for Goettsche to fund the complete buildout of the facility for a cost of approximately \$100 million, including a \$14 million profit for FX Solutions, Inc.
21. Goettsche paid \$2.8 million to FX Solutions, Inc. to begin building the Bitcoin mining facility at Broadview.
22. With Goettsche having begun performance of the contract by paying \$2.8 million, FX Solutions, Inc. embarked on performing the contract. FX Solutions, Inc. engaged Northwest Energy and paid \$990,000 for a comprehensive Megawatt draw study of the Bitcoin mining

facility. In addition, FX Solutions, Inc. hired and paid subcontractors, rented heavy machinery, purchased materials, paid freight bills, hired and paid engineers and consultants, hired and paid labor and incurred other and substantial costs in performing its contract with Goettsche. This performance by FX Solutions, Inc. resulted in the construction of 4 miles of cement treated roads, an electrical substation, infrastructure, building pads and drainage control.

23. In late January 2019, Goettsche breached his contract with FX Solutions, Inc. and refused to pay any more money to FX Solutions, Inc. to build a Bitcoin mining facility at Broadview, Montana.
24. Goettsche's breach of his contract with FX Solutions, Inc. caused FX Solutions, Inc. to suffer monetary damages as well as loss of good will and good reputation. Specifically, prior to Goettsche's breach, FX Solutions, Inc. had advanced \$8,273,360.00 in performance of its contract with Goettsche. Goettsche's refusal to pay any more than his initial \$2,896,432.00, left \$5,376,928.00 due and owing to FX Solutions, Inc. Goettsche has never paid this amount due and owing to FX Solutions, Inc. Goettsche's breach also caused FX Solutions, Inc. to lose approximately \$14 million in profits it would have earned if Goettsche had not breached his contract with FX Solutions, Inc.

Third Claim for Relief: Breach of Contract-Miner Retrofit

25. The allegations of all prior paragraphs are realleged and incorporated in this

Third Claim for Relief as if fully set forth herein.

26. On November 25, 2018, Goettsche entered an oral contract to hire FX Solutions, Inc. to retrofit the Bitcoin miners at Cryptowatt's Butte Bitcoin mining facility.
27. The contract called for Goettsche to pay approximately \$3.5 million to FX Solutions, Inc for its services in retrofitting (upgrading) the Bitfury B8 Bitcoin miners to Bitmain S9 Miners in order to increase the efficiency and productivity of CryptoWatt's Butte Bitcoin mining facility.
28. With Goettsche's oral contract in place, FX Solutions, Inc. engaged CTA Engineering to design and Peterson Electric to install the Bitcoin miner retrofit at CryptoWatt's Butte Bitcoin mining facility and began work on the project.
29. During the course of the work performed on the contract by FX Solutions, Inc. and its subcontractors, Goettsche made payments totaling approximately \$830,409, then refused to make any more payments to FX Solutions, Inc., leaving a balance due and owing to FX Solutions, Inc. of \$2,560.464.54.
30. Goettsche's breach of his contract with FX Solutions, Inc. by refusing to pay for services, materials and labor that FX Solutions and its contractors had already provided caused FX Solutions, Inc. to suffer monetary damages of at least \$2,560,464.54 to be determined at trial, as well as loss of good will and good reputation.

Fourth Claim for Relief: Breach of Contract-Operational Expenses

31. The allegations of all prior paragraphs are realleged and incorporated in this Fourth Claim for Relief as if fully set forth herein.
32. FX Solutions, Inc. has been the General Contractor/facility operator at CryptoWatt's Butte Bitcoin mining facility since its inception in January 2018. Since Goettsche became majority owner of CryptoWatt in August 2018, Goettsche has failed to pay FX Solutions, Inc. invoices for services at the facility totaling approximately \$4,183,600.26.
33. Since his arrest on federal charges, Goettsche's unavailability to conduct financial transaction has caused all funding of CryptoWatt's operations at its Butte facility to cease, resulting in all CryptoWatt employees being laid off from their employment. In addition, Goettsche's unavailability to conduct financial transactions has resulted in approximately \$84,000 in checks to FX Solutions, Inc. to be returned for insufficient funds. These payments from CryptoWatt to FX Solutions, Inc. were largely designated for the payroll of the 32 employees of FX Solutions, Inc. that work at CryptoWatt's Butte facility. Mr. Goettsche's unavailability and failure to pay FX Solutions, Inc. for its services has put the jobs of the 32 employees of FX Solutions, Inc. that work at CryptoWatt's Butte facility in jeopardy.
34. As a result of Goettsche's breach of his contract by failure to pay FX Solutions, Inc. for services and materials it has provided to Cryptowatt, FX

Solutions, Inc. has suffered monetary damages in an amount exceeding \$3 million to be determined at trial.

Fifth Claim for Relief: Actual and Constructive Fraud

35. The allegations of all prior paragraphs are realleged and incorporated in this Fifth Claim for Relief as if fully set forth herein.
36. Beginning in approximately July 2018 and throughout the time period CryptoWatt has been mining Bitcoin at its Butte facility, Matthew Brent Goettsche has exercised exclusive control of the Bitcoin mined at CryptoWatt's Butte facility.
37. Matthew Brent Goettsche's exclusive control of the Bitcoin mined at Cryptowatt's Butte facility included requiring that the Bitcoin be mined to the very BitClub Pool that is described in the Indictment presently pending against Matthew Brent Goettsche and attached to this Complaint.
38. The Indictment establishes probable cause, that is, it is more likely than not that Matthew Brent Goettsche committed the crimes of Conspiracy to Commit Wire Fraud and Conspiracy to Sell Unregistered Securities as alleged in the Indictment.
39. Goettsche never informed FX Solutions, Inc. or any of its principals or employees that he was using CryptoWatt's Butte Bitcoin mining facility as part of or to facilitate the crimes he was allegedly committing as alleged in the Indictment.

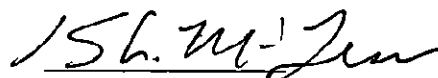
40. As a result of Goettsche's actual and constructive fraud, FX Solutions, Inc. has suffered damages in an amount to be determined at trial, but not less than \$10 million.
41. As a result of Matthew Brent Goettsche's actual and constructive fraud, FX Solutions Inc. is entitled to punitive damages in an amount to be determined at trial.

Prayer for Relief

42. WHEREFORE, FX Solutions, Inc. prays for damages, relief and judgment against Matthew Brent Goettsche as follows:
43. For general damages in an amount to be determined at trial.
44. For special damages in an amount to be determined at trial.
45. For punitive damages in an amount to be determined at trial.
45. For expectancy damages in an amount to be determined at trial.
45. For restitution damages in an amount to be determined at trial.
45. For compensatory damages in an amount to be determined at trial.
46. For attorney's fees and costs of prosecuting this lawsuit.

DATED this 23rd day of December, 2019.

KRIS A. MCLEAN LAW FIRM, PLLC



Kris A. McLean
Attorney for Plaintiff

State of Montana

County of Missoula

Richard B. Tabish being first duly sworn, upon oath, deposes and says as follows: I am the President and CEO of FX Solutions, Inc., Plaintiff in the foregoing Complaint. I have read the foregoing Complaint and the facts of the matter contained herein are true, correct and complete to the best of my knowledge and belief.

Richard B. Tabish

Richard B. Tabish

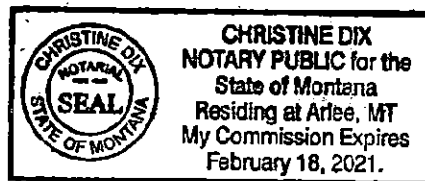
Signed and sworn (or affirmed) before me this 23 day of December, 2019.

Christine Dix

(Signature of notary)

Christine Dix

(Printed name of notary public)



RECEIVED

2017R01306/DWF/JLH
DEC 06 2019

AT 8:30 M
WILLIAM T. WALSH, CLERK

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

FILED

DEC 05 2019

AT 8:30 4:00 P M
WILLIAM T. WALSH
CLERK

UNITED STATES OF AMERICA

: Hon.

v.

MATTHEW BRENT GOETTSCHKE

: Criminal Number:

19-877 (ccc)

JOBADIAH SINCLAIR WEEKS,

: 18 U.S.C. § 371

JOSEPH FRANK ABEL and

: 18 U.S.C. § 1349

INDICTMENT

The Grand Jury in and for the District of New Jersey, sitting at Newark,
charges:

COUNT ONE

(Conspiracy to Commit Wire Fraud – 18 U.S.C. § 1349)

1. At times relevant to this Indictment:

Individuals and Entities

a. BitClub Network ("BCN") was a worldwide fraudulent scheme that solicited money from investors in exchange for shares of pooled investments in cryptocurrency mining and that rewarded existing investors for recruiting new investors.

b. Defendant MATTHEW BRENT GOETTSCHKE created and operated BCN.

c. Defendant [REDACTED] created, operated, and promoted BCN.

Exhibit 1

- d. Defendant JOBADIAH SINCLAIR WEEKS promoted BCN.
- e. Defendant [REDACTED] created and operated BCN. [REDACTED] also served as programmer for BCN.

Relevant Terminology

f. "Cryptocurrency" was a digital representation of value that could be traded and functioned as a medium of exchange; a unit of account; and a store of value. Its value was decided by consensus within the community of users of the cryptocurrency.

g. "Bitcoin" was a type of cryptocurrency. Bitcoin were generated and controlled through computer software operating via a decentralized, peer-to-peer network. Bitcoin could be used for purchases or exchanged for other currency on currency exchanges.

h. "Mining" was the way new bitcoin were produced and the way bitcoin transactions were verified. Individuals or entities ran special computer software to solve complex algorithms that validated groups of transactions in a particular cryptocurrency. Under the bitcoin protocol, which fostered a competition to verify transactions for inclusion on the public bitcoin ledger, known as the "blockchain," the first miner to solve the algorithm was rewarded with a preset amount of newly-issued bitcoin.

i. "Hash rate" was the measure of the speed at which a mining machine operated by way of computer processing power that was applied by

miners to solve the algorithms and harvest new currency. Hash rate was expressed generally as the number of calculations mining computers could perform per second. In general, the greater the hash rate, the greater the miner's chance to solve the algorithm and be rewarded the newly-issued bitcoin.

j. "Mining pools" were combinations of cryptocurrency miners who consolidated their computing power to achieve greater hash rate.

k. A "virtual private network" ("VPN") allowed an internet user to secure his or her internet connection and anonymize internet use by obscuring and concealing the user's true personal identity and location information.

The Conspiracy

2. From at least in or around April 2014 through in or about December 2019, in Passaic County, in the District of New Jersey, and elsewhere, defendants

MATTHEW BRENT GOETTSCHKE,
[REDACTED]
JOBADIAH SINCLAIR WEEKS, and
[REDACTED]

knowingly and intentionally conspired and agreed with each other and others to devise a scheme and artifice to defraud, and to obtain money and property from victims by means of false and fraudulent pretenses, representations, and promises, and, for the purpose of executing such scheme and artifice to

defraud, to transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce certain writings, signs, signals, pictures, and sounds, contrary to Title 18, United States Code, Section 1343.

The Goal of the Conspiracy

3. It was the goal of the conspiracy for the GOETTSCHE, [REDACTED] WEEKS, [REDACTED] and others (the "Fraud Co-Conspirators") to enrich themselves by soliciting and causing others to solicit investments in BCN through materially false and fraudulent pretenses, representations, promises, and omissions.

Manner and Means of the Conspiracy

4. It was part of the conspiracy that:
- a. GOETTSCHE, [REDACTED] WEEKS, and others promoted and caused to be promoted investments in BCN shares as a pooled investment of bitcoin mining proceeds.
 - b. GOETTSCHE, [REDACTED] and others discussed and understood that BCN's purported cryptocurrency mining would not be profitable, but would serve to induce investors to purchase BCN memberships and shares in BCN's purported mining pools.
 - c. The Fraud Co-Conspirators made and caused others to make materially false and fraudulent pretenses, representations, and promises to,

and to conceal material facts from, investors regarding aspects of BCN's investment products, including the information that was displayed to BCN's investors as proof of "bitcoin mining earnings" that purportedly were generated through BCN's bitcoin mining pool.

d. GOETTSCHE, [REDACTED] and [REDACTED] manipulated the numbers that were displayed to BCN investors as "mining earnings" to promote the sale of bitcoin mining shares in BCN and to convince BCN members to invest additional funds in other BCN cryptocurrency-related products.

e. Based on the materially false and fraudulent pretenses, representations, promises, and omissions that the Fraud Co-Conspirators made and caused to be made to investors, the Fraud Co-Conspirators, both individually and through BCN, received funds from investors, including through cash, check, wire transmissions, and cryptocurrency transfers.

f. The Fraud Co-Conspirators, through BCN, obtained at least \$722 million from investors.

g. The Fraud Co-Conspirators and others discussed the fraudulent scheme over email and Internet chat, posted videos encouraging investment in BCN, and used the BCN website to promote the fraudulent scheme, including, for example, the following:

i. In or around June 2014, GOETTSCHE and [REDACTED] exchanged emails to discuss the formation of BCN. During this exchange, [REDACTED] emailed GOETTSCHE: "The margins from the MLM [multi-level marketing] will also be insane cause I have seen your skill at constructing attractive matrixes that have almost 0 chance of paying more than 50% of max for 99% of the people :D."

ii. In or around July 2014, as part of an online chat exchange, [REDACTED] told GOETTSCHE that BCN's target audience would be "the typical dumb MLM investor."

iii. In or around October 2014, via Internet chat, GOETTSCHE and [REDACTED] discussed posting fake mining statistics at the inception of BCN to promote the sale of shares in BCN:

GOETTSCHE	but we may need to fake it for the first 30 days while we get going
[REDACTED]	sure
[REDACTED]	we can do that
GOETTSCHE	it needs to look real though ☺
GOETTSCHE	so need a bit of your magic touch on it
[REDACTED]	look real how? We fake real revenue numbers and show them in account daily
GOETTSCHE	and we dont want to fake it too good so that when we need to back it down it drops off
GOETTSCHE	terminolgy
GOETTSCHE	explanation of what is happening
GOETTSCHE	inconsistent numbers daily so its not perfect
GOETTSCHE	all kinds of stuff
[REDACTED]	inconsistent numbers IS real
GOETTSCHE	people think we are not legit or are weary so we need to be careful rolling this out

	if we pay consistent numbers it will be fake
GOETTSCHKE	i know... thats what I am saying, make the numbers inconsistent
	yeah
	will make it real

iv. In or around October 2014, GOETTSCHKE and [REDACTED] discussed how to calculate fake mining earnings for investors. [REDACTED] stated, "I guess most people do not know only 40% is used for mining and the rest for commissions," to which GOETTSCHKE replied, "the leaders know . . . its the sheep that dont."

v. In or around January 2015, GOETTSCHKE and [REDACTED] discussed the need to show investors proof of mining power to promote investment in BCN. GOETTSCHKE offered [REDACTED] \$50,000 to devise a way for BCN to show purported "proof" of a BCN pool without BCN actually having mining power:

GOETTSCHKE	got a challenge for you
GOETTSCHKE	\$50k bonus
GOETTSCHKE	to get us "proof" of our own pool
GOETTSCHKE	by end of month

....

	"proof" ? as in without you having mining power?
	and with you riding me hard avbout everything else ☹
GOETTSCHKE	having our own node
GOETTSCHKE	yep
GOETTSCHKE	its a big one
GOETTSCHKE	Ill put together full details
GOETTSCHKE	to make it achievable
	ok
GOETTSCHKE	but that will instantly net us 10x that

	so you want our own pool
GOETTSCHKE	yes
GOETTSCHKE	dude
	and then we get miners to mine there?
GOETTSCHKE	most of these idiots
	ok
GOETTSCHKE	have no idea
	by the end of the month...
GOETTSCHKE	they just want to make sure we can verify SOMETHING
	50k bonus
	deal
GOETTSCHKE	that is the #1 question
GOETTSCHKE	are you really mining?
	well, having a pool is 1 thing.... showing mining power is a totally different animal
	I can get you the pool!
	we can then offer 5% mining bonus to miners
	that will get us power
GOETTSCHKE	with a pool, we can get miners to join
	then we can divert some of that

vi. In or around January 2015, GOETTSCHKE told [REDACTED] "we are building this whole model on the backs of idiots" and to "prove the mining . . . just means convincing the morons ☺."

vii. In or around January 2015, GOETTSCHKE and [REDACTED] discussed developing fake "proof" and "statistics" to display to potential BCN investors to promote investment in BCN:

GOETTSCHKE	how can we get some shiny shit for members?
GOETTSCHKE	oh also
GOETTSCHKE	need to bump up the payout
GOETTSCHKE	its really low
	what shiny shit you want exactly?
	ok

GOETTSCHKE	the stats you just showed me
....	
	?? fake a pool
	or?
GOETTSCHKE	yea
GOETTSCHKE	real stats on fake numbers
GOETTSCHKE	we will slowly introduce real numbers
	uhmmm ok, but to make it believable will not be easy
	cause we need to code variance in
	will try to get something up
GOETTSCHKE	Im telling you man
GOETTSCHKE	some stats like this
GOETTSCHKE	a picture with our banners
GOETTSCHKE	and some proof in the blockchain
GOETTSCHKE	and look the fuck out!!
GOETTSCHKE	its over

viii. In or around February 2015, GOETTSCHKE directed [REDACTED] to manipulate and falsely increase the "mining earnings" figures displayed to investors on their BCN online accounts:

GOETTSCHKE	bump up the daily mining earnings starting today by 60%
....	
	60%?
	wow
	that is not sustainable, that is ponzi teritori and fast cash-out ponzi
	but sure
GOETTSCHKE	yea they have not been bumped in a long time
	ok
GOETTSCHKE	we can push them back down, but we need a boost
	you do realize you need to pay for like 1000 days technically?
	kk
GOETTSCHKE	we will dilute over time
GOETTSCHKE	members will think its due to strong growth

GOETTSCHKE	but right now the payout does not even break people even after 1,000 days
GOETTSCHKE	we need to look like we will break them even in 9-12 months
GOETTSCHKE	and then start to curtail it from there
GOETTSCHKE	just bump it by 60%, im putting together an update about newly installed equip and that we will be showing mining proof in the next week

ix. In or around August 2015, [REDACTED] told GOETTSCHKE, "I noticed you drastically decreased mining payments and people started complaining[.]" GOETTSCHKE agreed, "yea."

x. From at least as early as in or around August 2015 through in or around November 2019, BCN falsely claimed on its website that "Our pool was established in October 2014 as a solo mining pool that was exclusive to BitClub Network members," when, in fact, BCN lacked a mining pool exclusive to its members in October 2014.

xi. In or around December 2015, WEEKS messaged [REDACTED] and another individual about BCN and stated:

We really should have sep stats and oct stats and nov stats. The sophisticated investors with a lot of cash are hesitant with putting in big cash because they want to see the mining contract, the receipt or title to the mining equipments, proof that they own something in return, how much the mine made and what the mine paid out to each share holder so they can calculate what a share is worth etc. Bitclub pool doesn't tell us how many share holders we have etc. Its not transparent enough for the big big money guys.

xii. In or around June 2017, WEEKS emailed GOETTSCHKE and [REDACTED] a business opportunity involving BCN, and observed: "We (Bitclub)

can't just 'sell' people mining hardware (shares) in Bitclub and then not use the money to buy equipment. Its not right. Bitclub makes 20% regardless of the price."

xiii. In or around September 2017, GOETTSCHE and [REDACTED] exchanged emails regarding a new scheme to encourage current BCN investors to reinvest their shares into another BCN investment product. GOETTSCHE suggested that BCN manipulate mining earnings:

We close the current pool to new shares, we call it the Early Adopters Pool or Legacy Pool or some shit like this. We continue to pay out for the total of the life of the pool but no more partial shares or new shares allowed in. This means the day we close it we have 1,000 days that we calculate out and put on autopilot.

....

Here is my current plan... (in my head)

1. Limit sales by the hour to do \$50 mil per month
2. Drop mining earnings significantly starting now

....

8. We retire RAF!!! (rich as fuck)

[REDACTED] responded to this plan: "I like it. Call me when you can."

All in violation of Title 18, United States Code, Section 1349.

COUNT TWO

(Conspiracy to Offer and Sell Unregistered Securities – 18 U.S.C. § 371)

1. Paragraphs 1 and 4 of Count One of this Indictment are re-alleged and incorporated herein.

2. At times relevant to Count Two of this Indictment:

a. Defendant JOSEPH FRANK ABEL promoted BCN.

BCN

b. BCN held itself out as a profit-seeking business venture.

Investors paid a \$99 membership fee to be a part of BCN and then were provided the option to pay additional money for shares in what BCN purported were three mining pools. According to BCN's website, investors could "earn passive income" through investment in the pools. Specifically, BCN represented:

You can purchase a share in 3 different mining pools and all Bitcoin mined from each pool will be paid and shared with all members eligible for the pool. You pay either \$500, \$1,000, or \$2,000 worth of Bitcoin for a share of the mining pool.

With your purchase you will receive Bitcoin for 600 days! A percentage of all Bitcoin mined and paid to you will be used to pay for mining costs and to purchase new mining equipment.

*No Sponsoring Required to Earn Mining Pool Payouts

- c. BCN further described the different investment options:

Mining Pool #1 -- -- Each share cost \$500 USD that will be used to purchase new Bitcoin mining servers. All Bitcoin earned will be split among all members of this pool and paid out daily. Each share earns 50% profit with the other 50% being used to fund the mining operation and to purchase additional mining shares.

Mining Pool #2 -- Each share cost \$1,000 USD and just like Pool #1 the total Bitcoin earned will be split among all members in the pool and paid out. Each share earns 60% profit with the other 40% being used to fund the mining operation and to purchase additional mining shares.

Mining Pool #3 -- Each share cost \$2,000 USD and the total Bitcoin earned will be split among all members in the pool and paid out. Each share earns 70% profit with the other 30% being used to fund the mining operation and to purchase additional mining shares.

- d. BCN represented to investors that BCN would pool investor money together to sustain, among other things, bitcoin mining pools, including by purchasing mining equipment and computer power and by engaging in cryptocurrency mining. On its website, BCN further stated that BCN "use[s] our leverage and massive purchasing power to strategically buy mining hardware at the lowest prices and share in all the profits produced."

- e. BCN represented to investors that investors' mining returns would be calculated based on the mining success of the collective operations for each of the pools. BCN represented that purchases of shares in the mining

pools would determine a BCN member's allocation of mining pool profits, with more shares leading to a greater allocation of the mining pool profits. BCN's website displayed the following illustration of how BCN investors would earn profit from their investments in shares of the purported bitcoin mining pools:

Example: Using Mine #1, if the total Bitcoin mined for the day = 1 BTC and there are 100 shares outstanding then each share would earn .01 BTC. From this total 50% of it would be paid directly to member as profit (.005 BTC) and the other 50% (.005 BTC) would be used to fund the mining operation costs and to purchase additional shares.

So if the value of 1 Bitcoin = \$500 USD and you have 1 share then you would earn \$5 USD (.01 BTC) of which \$2.50 is paid to you and \$2.50 is used to purchase an additional share on your behalf. In this case you would purchase an additional .005 shares with your \$2.50 and you would have a total of 1.005 shares going into the next day that you are now earning on.

f. BCN represented that its "team" would control, manage, and operate the bitcoin mining, while investors would share in the pro-rata distribution of profits derived from the bitcoin mining pools. On its website, BCN claimed that it was not owned by any one person, but instead was

a team of experts, entrepreneurs, professionals, network markers, and programming geeks who have all come together to launch a very simple business around a very complex industry. Anyone can join BitClub and begin earning a passive income by taking advantage of our expertise in Bitcoin mining and other Bitcoin related services.

- g. Shares in BCN were “securities” as that term is defined by Title 15, United States Code, Section 77b(a)(1).
- h. BCN did not file a registration statement to register shares of BCN with the U.S. Securities and Exchange Commission (the “SEC”).
- i. BCN promoted and sold shares of its mining pools both in the United States, including in New Jersey, and abroad.
- j. In or around August 2017, BCN admitted in an investor update that “Bitcoin might be a security regulated by the SEC, [and] Bitcoin mining could potentially be a security[.]” yet did not register with the SEC.

The Conspiracy

3. From in or about 2014 through in or about December 2019, in Passaic County, in the District of New Jersey, and elsewhere, defendants

MATTHEW BRENT GOETTSCHÉ,
[REDACTED]

JOSEPH FRANK ABEL,
JOBADIAH SINCLAIR WEEKS, and
[REDACTED]

knowingly and intentionally conspired and agreed with each other and others to directly and indirectly willfully offer and sell unregistered securities, contrary to Title 15, United States Code, Sections 77e and 77x.

Goal of the Conspiracy

4. The goal of the conspiracy was for GOETTSCHÉ [REDACTED] ABEL, WEEKS, [REDACTED] and others (the “Promotion Co-Conspirators”) to, directly and

indirectly, willfully offer and sell securities in BCN without filing a registration statement with the U.S. Securities and Exchange Commission, and use the means and instruments of transportation and communication in interstate commerce and the mails in connection with the offer and sale, for the purpose of enriching themselves and others.

Manner and Means of the Conspiracy

5. It was part of the conspiracy that:
 - a. GOETTSCHKE, [REDACTED] WEEKS, ABEL, and others directly and indirectly took money from investors in exchange for membership in BCN and as investment for shares of mining pools that BCN purported to own and operate.
 - b. GOETTSCHKE, [REDACTED] BALACI, and others created and displayed, and caused to be created and displayed, content on BCN's websites to promote the sale of shares in BCN's purported mining pools.
 - c. [REDACTED] ABEL, WEEKS, and others promoted the sale of shares in BCN through discussions with potential investors via the Internet and by creating and posting videos on the Internet.
 - d. [REDACTED] ABEL, WEEKS, and others promoted the sale of BCN shares by giving speeches and making presentations in the United States, including in New Jersey, and around the world.
 - e. GOETTSCHKE, [REDACTED] WEEKS, ABEL, and others induced

investors to pay for membership in BCN and to pay for shares in the purported profits of cryptocurrency mined from pools which BCN purported to manage on behalf of its members.

f. GOETTSCHE, [REDACTED] WEEKS, ABEL, and others represented to investors that buying shares of BCN's mining pools would allow investors to profit from mining cryptocurrency without the expense and expertise that would be required to purchase and maintain their own cryptocurrency mining equipment.

g. ABEL, WEEKS, and others encouraged U.S. investors to utilize a VPN to obscure their true, U.S.-based IP addresses so that BCN and the Defendants could avoid detection and regulation by U.S. law enforcement.

Overt Acts

6. In furtherance of the conspiracy and to effect the object of the conspiracy, the Promotion Co-Conspirators committed and caused to be committed the following overt acts, among others, in the District of New Jersey and elsewhere.

a. In or around September 2014, [REDACTED] exchanged emails with an individual about BCN, including whether BCN was required to register its shares with the SEC.

b. In or around January 2015, [REDACTED] informed GOETTSCHE that the artificially high mining payouts that BCN was purportedly making to

its early investors, which was done to promote further investment in BCN, were not sustainable:

[W]e started paying a shitload of money, totally unsustainable amount! That was because you wanted to attract people initially. We are still paying unsustainable amounts each single day, they are still high! Amounts have constantly dropped every day with minor jumps up. But as it stands now, we still pay a lot more than what should be paid if we were to do it in a sustainable manner. Keep in mind that only 40% is generating mining commissions (well, 40% is allocated to mining the rest being commissions for binary and levelup).

So, as a conclusion, based on the mining allocation % and time frame of the share validity I think the payments are still unsustainable and too high.

In response, GOETTSCHKE instructed:

[O]k well, lets just continue to back it down gradually... We need a big catalyst because we want people to be buying right now in droves while the price is low so once this email thing is ready we will come up with a good campaign. The key is to grow very fast over the next 90 days and then hope the price shoots up while keeping the mining relatively the same.

c. In or around February 2015, [REDACTED] and GOETTSCHKE discussed the need to provide its investors and potential investors purported "proof" that BCN was mining bitcoin to promote further investment in BCN:

GOETTSCHKE	all we need is proof man
GOETTSCHKE	dont need a rock solid plan
GOETTSCHKE	just proofl
[REDACTED]	ok
[REDACTED]	will write a doooc today

	on how members can check proof RIGHT now!
	based on the address you sent me
	will write a step-by-step
	with screenshots
GOETTSCHE	think of it like this... for every 10k we spend in proving our mining we make 20k back
GOETTSCHE	cool
	☺
	I do have one request also
	past middle of Feb and nothing was paid from that 50k bonus... I promised some of it downline also to motivate people to meet the deadline! Please send like 28.5k (half of the nbonus + 3.5k from the last payment).
GOETTSCHE	wasnt that bonus for a working pool?
	you are shitting me, right?
	the pool was done like on 20th Jan
	you inspected it also, it was live
	working
	mining power was missing which still is
GOETTSCHE	I guess our definition of "working" differs
	not my fault for that
	what?
GOETTSCHE	can I get someone to use it?
	dude, I do software I do not make mining power appear out of thin air

d. In or around October 2015, ABEL sent [REDACTED] an article titled "OneCoin Abandons US Operations," which stated, among other things:

So what's the real reason OneCoin are abandoning the US?

Well, the mention of the SEC is a pretty solid giveaway.

OneCoin offer unregistered securities globally, with newly invested funds used to pay off existing investors.

e. In or around November 2015, WEEKS prepared a video that was uploaded to the Internet, in which WEEKS promoted the sale of shares in

BCN, explaining that "right now we're finding about ten thousand dollars a day in bitcoin," and that "whatever the mine finds each day is evenly disbursed in a daily dividend to our shareholders."

f. In or around March 2016, ABEL prepared a webinar video about BCN, which was posted onto the Internet. This webinar promoted investment in BCN and represented, among other things:

[W]e've looked at all the people who joined about five hundred days ago and most of us are making almost two and a half times more than we did when [we] started. . . . When we mine, you get paid. All the time we make money, you get paid and all of our system is third party validated. It is, literally, like being in the public market.

g. In or around April 2016, GOETTSCHE and [REDACTED] discussed the fact that U.S.-based individuals had invested in BCN.

h. In or around May 2016, ABEL told WEEKS that ABEL was traveling to California to promote investment in BCN.

i. In or around November 2016, [REDACTED] posted a video promoting investment in BCN. [REDACTED] represented, among other things:

[A]nd, the beautiful thing about this is that, if no more new people join BitClub Network, it's okay because we've already bought the equipment, we're already mining bitcoin. If we don't get any more that join, we're still gonna be mining bitcoin, everybody is gonna keep getting paid over, and over, and over, and over, and over again. It is not going to stop.

. . . . [E]verything is bitcoin that we're doing here, it's transparent. We can't hide this. You guys have access

to this. You can see that what we're saying is true, we can't fake this. So, I hope that makes sense to everybody. That we have the most transparent company in the history of the world that I've ever seen. Maybe something will be more transparent but this is pretty close to the top of transparent. . . .

. . . .

So if you invest in a gold mining operation, you're not gonna go start digging holes, the gold miners dig up the gold, they just give you your gold every single day. This is the same kind of thing. So, if you put that same 3,599 in to mining with us, I think three years from now, you could end up with between anywhere from 15, and I'm gonna be very conservative here, 15 to 25 bitcoin. I think it could be a lot higher than this but I'm just gonna call it 15 to 25 bitcoin. If we're right and you end up getting between 15 to 25 bitcoin over the next three years. You're talking about if the price is at 10,000, that's between 150 and 250,000 dollars for a 3,599 dollar investment.

. . . .

So a portion of everybody's bitcoin that you're mining, has to go back in to help buying new equipment so uh pool one 50 percent minimum has to go back in, pool two, 40 percent, pool three, 30 percent. What does that mean? That means that you're gonna end up having more and more and more shares in all of the pools. So, even though you get started and you end up using your days, it doesn't matter 'cuz you're gonna end up having shares that still have a thousand days attached to them. So, this is pay one time, but get paid forever, and ever, and ever, and ever. You're never going to run out of shares. And, if you do refer other people every time that they make a repurchase, you're getting paid again, and again, and again, and again on all of those people. That's what's just beautiful about all of this.

j. In or around March 2017, ABEL traveled to New Jersey to promote the sale of shares in BCN.

k. In or around August 2017, ABEL prepared a video that was posted on the Internet in which ABEL promoted the sale of shares in BCN and represented, among other things:

[W]hat we have done is create a very unique window of opportunity for our members um here in America and around the world um, we no longer service the United States, as she told you that, and she'll explain to you guys how to get around that whole process to keep yourself uh 100% legit.

l. In or around October 2017, WEEKS traveled to Florida to promote the sale of shares in BCN.

m. In or around January 2018, ABEL participated in a recorded Internet video session, in which ABEL instructed U.S.-based investors how to use a VPN to access BCN's websites.

n. In or around March 2018, ABEL prepared a video and caused it to be posted on the Internet, promoting BCN, in which ABEL stated, "we are, what they call in the bitcoin network, too big to fail. . . . It's important that you understand that. We're too big to fail."

o. In or around March 2018, [REDACTED] emailed ABEL an article addressing U.S. securities regulation. The article stated, among other things:

In my almost ten years of covering the industry, I've come to realize that if an MLM company tries to convince you they're not selling securities – then they

probably are.

That's because the securities law with respect to MLM investment opportunities is pretty clear-cut: MLM + passive ROI = security.

All in violation of Title 18, United States Code, Section 371.

FORFEITURE ALLEGATION AS TO COUNT ONE

1. As the result of committing the offense constituting specified unlawful activity as defined in 18 U.S.C. § 1956(c)(7), as alleged in Count One of this Indictment, defendants

MATTHEW BRENT GOETTSCHÉ,
[REDACTED]
JOBADIAH SINCLAIR WEEKS, and
[REDACTED]

shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the wire fraud conspiracy offense, and all property traceable thereto, including, but not limited to the Specific Property listed in Attachment A to this Indictment.

Substitute Assets Provision

2. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third person;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), as incorporated by 28 U.S.C. § 2461(c), to seek forfeiture of any other property of the defendant up to the value of the above-described forfeitable property.

A True Bill.


CRAIG CARPENITO
United States Attorney

ATTACHMENT A

- a. RBC Wealth Management account number [REDACTED] 2600 in the name of Getch Holdings LLC;
 - b. RBC Wealth Management account number [REDACTED] 4535 in the name of Getch Foundation;
 - c. RBC Wealth Management account number [REDACTED] 0125 in the name of Getch Holdings LLC Construction Fund; and
 - d. Any and all ownership interest held in the name, on behalf or for the benefit of Matthew Goettsche, Gobit LLC and/or Getch 2021 LLC in the assets of any and all corporations, partnerships or other entities, and/or their subsidiaries, affiliates and joint ventures, including but not limited to:
 - i. Orbesehc Industrial LLC
 - ii. HIIT Health LLC
- (collectively, the "Specific Property").

CASE NUMBER: 19-cr-877-CCC

United States District Court
District of New Jersey

UNITED STATES OF AMERICA

v.

MATTHEW BRENT GOETTSCHÉ,
[REDACTED]
JOBADIAH SINCLAIR WEEKS,
JOSEPH FRANK ABEL, and
[REDACTED]

INDICTMENT FOR
18 U.S.C. § 371
18 U.S.C. § 1349

A True Bill

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